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JUL 31 2002

IN REPLY J-33
REFER TO PROCLTR 02-14

MEMORANDUM FOR PROCLTR DISTRIBUTION LIST

SUBJECT: Cascading/Combined Set-Aside Logic in Business Systems Modernization (BSM)
(DLAD 19.508; 19.590; 52.219-9005 through -9012)

The purpose of this PROCLTR is to disseminate new DLAD clauses and prescriptive language regarding various socioeconomic set-asides. The new systems logic to be used in BSM automated procurements during the concept demonstration phase and thereafter is designed to consider the applicability of more than one kind of set-aside in a "cascading" or combined fashion, according to an order of precedence. If no firms fulfill the requirements of the first set-aside to be considered (e.g., very small business set-aside), the system will automatically apply the criteria pertaining to the next set-aside (such as the HUBZone set-aside) in accordance with that order of precedence, and so on, until an award is made. (Only if no qualified quote is received from a small business at a fair market price will the set-asides be withdrawn and the buy resolicited on an unrestricted basis.) Current individual FAR-system clauses were not designed to accommodate the automatic consideration of successive set-asides; they do not provide adequate notice to contractors that their offers could be subject to more than one socioeconomic criterion or program having the potential to eliminate them from consideration for award. The clauses included in this PROCLTR provide that notice, and permit the application of the cascading or combined set-aside logic in the BSM contracting environment. They will be used, as appropriate, along with FAR clauses 52.219-3, -5, and -6 (Notice of Total HUBZone Set-Aside, Very Small Business Set-Aside, and Notice of Total Small Business Set-Aside, respectively), including their Alternate versions. Note that the new clauses are only being made available for use in BSM (via "PD2" software and Event Manager); they are not to be used in manual procurements, or with automated "legacy" systems.

This PROCLTR is effective immediately, and expires upon incorporation into the DLAD. The point of contact is Mary Massaro, J-3311, who can be reached at DSN 427-1366, or via e-mail addressed to mary_massaro@hq.dla.mil.

CLAUDIA S. KNOTT
Executive Director
Acquisition, Technical and Supply

Attachment



PART 19
SMALL BUSINESS PROGRAMS

SUBPART 19.5 - SET-ASIDES FOR SMALL BUSINESS

19.503 Setting aside a class of acquisitions for small business.
19.505 Rejecting Small Business Administration recommendations.
19.508 *Solicitation Provisions and Contract Clauses.*
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 Applications.

SUBPART 19.5 - SET-ASIDES FOR SMALL BUSINESS

19.508 *Solicitation Provisions and Contract Clauses.*

(90) Set-aside clauses unique to Business Systems Modernization (BSM) applications.

(a) Insert the clause at 52.219-9005, Combined Set-Aside Instructions, in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$25,000; simplified acquisition procedures will be used; an exception to the non-manufacturer rule applies; and a set-aside to a very small business concern, HUBZone small business concern, or small business concern is anticipated.

(b) Insert the clause at 52.219-9006, Combined Set-Aside Instructions (Alternate I), in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$50,000; the non-manufacturer rule applies; and a set-aside to a very small business concern, HUBZone small business concern, or small business concern is anticipated.

(c) Insert the clause at 52.219-9007, Combined Set-Aside Instructions (Alternate II), in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$50,000; the non-manufacturer rule is waived; and a set-aside to a very small business concern, HUBZone small business concern, or small business concern is anticipated.

(d) Insert the clause at 52.219-9008, HUBZone Set-Aside Instructions, in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to the simplified acquisition threshold; the non-manufacturer rule applies; and a set-aside to a HUBZone small business concern or a small business concern is anticipated.

(e) Insert the clause at 52.219-9009, HUBZone Set-Aside Instructions (Alternate I), in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to the simplified acquisition threshold; the non-manufacturer rule is waived; and a set-aside to a HUBZone small business concern or a small business concern is anticipated.

(f) Insert the clause at 52.219-9010, Very Small Business Set-Aside Instructions, in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$25,000; simplified acquisition procedures will be used; an exception to the non-manufacturer rule applies; and a set-aside to a very small business concern or a small business concern is anticipated.

(g) Insert the clause at 52.219-9011, Very Small Business Set-Aside Instructions (Alternate I), in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$50,000; the non-manufacturer rule

applies; and a set-aside to a very small business concern or a small business concern is anticipated.

(h) Insert the clause at 52.219-9012, Very Small Business Set-Aside Instructions (Alternate II), in automated solicitations and contracts in BSM applications when: values will exceed the micro-purchase threshold, but will be less than or equal to \$50,000; the non-manufacturer rule is waived; and a set-aside to a very small business concern, HUBZone small business concern, or small business concern is anticipated.

(91) Each of the clauses at (a) through (h), above, refers to and applies multiple FAR set-aside clauses. However, only the FAR clause matching the awardee's small business program and type representation applies to the award. See 19.590, below.

19.590 Cascading/Combined Set-Aside Logic Clauses for Business Systems Modernization (BSM) Applications.

(a) The systems logic used in BSM automated procurements is able to consider the applicability of more than one kind of set-aside in a combined or "cascading" fashion, according to an order of precedence. It simultaneously accommodates HUBZone small business set-asides, very small business set-asides, and total small business set-asides, including exceptions and waivers to the non-manufacturers rule, where applicable. If, at the time of solicitation, there is a reasonable expectation of receiving offers from two or more HUBZone small business concerns or, for acquisitions estimated between \$2,500 and \$50,000, two or more very small business concerns, the BSM software (PD2 and Event Manager) will use a combined set-aside for the automated solicitation. All small businesses should be encouraged to submit quotes; however, offerors will be informed (by means of the provision language itself, and possibly by a message on the face of the solicitation) about the order of precedence in which the set-asides will be applied.

(b) If there is a reasonable expectation of receiving competitive offers from two or more very small business concerns and two or more HUBZone small business concerns, the RFQ produced automatically in BSM will contain a combined set-aside that follows this order of precedence for acquisitions valued between \$2,500 and \$50,000:

- (1) Very small business concerns; then, if no qualified quote is received from a VSB -
- (2) HUBZone small business concerns; then, if no qualified quote is received from a HUBZone concern -
- (3) Small business concerns.

(c) If the acquisition is valued between \$2,500 and \$50,000 and there is a reasonable expectation of receiving competitive offers from two or more very small business concerns, but not from two or more HUBZone small business concerns, the RFQ produced automatically in BSM will contain a "cascading" set-aside that follows this order of precedence:

- (1) Very small business concerns; then, if no qualified quote is received from a VSB -
- (2) Small business concerns.

(d) If the acquisition is valued between \$2,500 and \$100,000 and there is a reasonable expectation of receiving competitive offers from two or more HUBZones small business concerns, but not from two or more very small business concerns, the RFQ produced automatically in BSM will contain a "cascading" set-aside that follows this order of precedence:

- (1) HUBZone small business concerns; then, if no qualified quote is received from a HUBZone concern -
- (2) Small business concerns.

(e) If the acquisition is valued between \$2,500 and \$100,000 and there is a reasonable expectation of receiving competitive offers from two or more small businesses, but not from very small business concerns or HUBZone small business concerns, the RFQ produced automatically in BSM will become a total small business set-aside.

(f) If, after combining and "cascading" these set-asides, no qualified quote is received from a small business at a fair market price, the set-aside will be withdrawn and the buy resolicited on an unrestricted basis.

PART 52

SOLICITATION PROVISIONS AND CONTRACT CLAUSES

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SUBPART 52.2 - TEXTS OF PROVISIONS AND CLAUSES

52.219-9005 *Combined Set-Aside Instructions.*

As prescribed in 19.508(90)(a), insert the following clause:

COMBINED SET-ASIDE INSTRUCTIONS (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5, Alternate II); then, if no qualified quote is received from a very small business concern at a fair market price, (2) HUBZone small business concerns (FAR 52.219-3); then, if no qualified quote is received from a HUBZone at a fair market price, (3) small business concerns (FAR 52.219-6).

Only those firms headquartered in the following Small Business Administration (SBA) districts are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraphs (b) of 52.219-3 and 52.219-5, Alternate II) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9006 Combined Set-Aside Instructions (Alternate I).

As prescribed in 19.508(90)(b), insert the following clause:

COMBINED SET-ASIDE INSTRUCTIONS (ALTERNATE I) (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5); then, if no qualified quote is received from a very small business concern at a fair market price, (2) HUBZone small business concerns (FAR 52.219-3); then, if no qualified quote is received from a HUBZone at a fair market price, (3) small business concerns (FAR 52.219-6).

Only those firms headquartered in the following Small Business Administration (SBA) districts are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraphs (b) of 52.219-3 and 52.219-5) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9007 Combined Set-Aside Instructions (Alternate II).

As prescribed in 19.508(90)(c), insert the following clause:

COMBINED SET-ASIDE INSTRUCTIONS (ALTERNATE II) (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5, Alternate I); then, if no qualified quote is received from a very small business concern at a fair market price, (2) HUBZone small business concerns (FAR 52.219-3); then, if no qualified quote is received from a HUBZone at a fair market price, (3) small business concerns (FAR 52.219-6 Alternate I).

Only those firms headquartered in the following Small Business Administration (SBA) districts are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraphs (b) of 52.219-3 and 52.219-5, Alternate I) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9008 HUBZone Set-Aside Instructions.

As prescribed in 19.508(90)(d), insert the following clause:

HUBZone SET-ASIDE INSTRUCTIONS (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) HUBZone small business concerns (FAR 52.219-3); then, if no qualified quote is received from a HUBZone at a fair market price, (2) small business concerns (FAR 52.219-6). The FAR clauses contained herein (except paragraph (b) of 52.219-3) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9009 HUBZone Set-Aside Instructions (Alternate I).

As prescribed in 19.508(90)(e), insert the following clause:

HUBZone SET-ASIDE INSTRUCTIONS (ALTERNATE I) (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) HUBZone small business concerns (FAR 52.219-3); then, if no qualified quote is received from a HUBZone at a fair market price, (2) small business concerns (FAR 52.219-6 Alternate I). The FAR clauses contained herein (except paragraph (b) of 52.219-3) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9010 Very Small Business Set-Aside Instructions.

As prescribed in 19.508(90)(f), insert the following clause:

VERY SMALL BUSINESS SET-ASIDE INSTRUCTIONS (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5, Alternate II); then, if no qualified quote is received from a very small business concern at a fair market price, (2) small business concerns (FAR 52.219-6).

Only those firms headquartered in the following Small Business Administration (SBA) district are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraph (b) of 52.219-5, Alternate II) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9011 Very Small Business Set-Aside Instructions (Alternate I).

As prescribed in 19.508(90)(g), insert the following clause:

VERY SMALL BUSINESS SET-ASIDE INSTRUCTIONS (ALTERNATE I) (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5); then, if no qualified quote is received from a very small business concern at a fair market price, (2) small business concerns (FAR 52.219-6).

Only those firms headquartered in the following Small Business Administration (SBA) district are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraph (b) of 52.219-5) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)

52.219-9012 Very Small Business Set-Aside Instructions (Alternate II).

As prescribed in 19.508(90)(h), insert the following clause:

VERY SMALL BUSINESS SET-ASIDE INSTRUCTIONS (ALTERNATE II) (JUN 2002) - DLAD

This solicitation is restricted to small business concerns. All small businesses are encouraged to submit quotes; however, award will be made in the following order of set-aside precedence: (1) very small business concerns (FAR 52.219-5, Alternate I); then, if no qualified quote is received from a very small business concern at a fair market price, (2) small business concerns (FAR 52.219-6 Alternate I).

Only those firms headquartered in the following Small Business Administration (SBA) districts are eligible for consideration as very small business concerns under this acquisition: Columbus, OH for solicitation numbers beginning with SPE7 or SPE9; Philadelphia, PA for solicitation numbers beginning with SPE5, SPE3, SPE2, or SPE1.

The FAR clauses contained herein (except paragraph (b) of 52.219-5, Alternate I) apply to the solicitation. Only the FAR clause matching the awardee's Small Business Program and Type representation applies to the award.

(End of clause)